

RUBBER PRODUCTION

Exchange of notes at Caracas September 27, 1944, amending agreement of October 13, 1942, as extended

Entered into force September 27, 1944

Extended to March 31, 1946, by agreement of March 31, 1945,¹ and to May 31, 1946, by agreement of March 29, 1946¹

58 Stat. 1584; Executive Agreement Series 446

The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
CARACAS, September 27, 1944

No. 1871

EXCELLENCY:

I have the honor to record in this note that as a result of the conversations between Your Excellency and the undersigned, it has been agreed between the Government of the United States of America and the Government of the United States of Venezuela that:

First: The Government of the United States of America, by means of its dependency, the Rubber Development Corporation (successor to Rubber Reserve Company), which hereinafter shall be called "Development", agrees to pay, or cause to be paid, a net premium of 33⅓% over "the fixed price" as set forth in the exchange of notes between Your Excellency and the undersigned under date of October 13, 1942,² which exchange of notes established "the fixed price" at 45 cents (U. S. Cy.) per pound (Kgs. 0.4536), in the Venezuelan ports of Ciudad Bolivar and Caripito or any other Venezuelan port which may be chosen by mutual agreement for the equivalent of the quality "Upriver Acre Fine" (washed and dried), and of 33 cents (U. S. Cy.) per pound (Kgs. 0.4536) for the good common quality castilloa "scrap", as it is known in New York, with corresponding differences in price for other types and qualities, said premium to be payable upon rubber which is available for quality inspection or has been inspected by Development at an agreed shipping port and which has been tendered to Development for

¹ Not printed.

² EAS 446, *ante*, p. 1161.

purchase during the period beginning with the date of your acceptance of the proposal herein contained and ending March 31, 1945; it being understood that all rubber tendered thereafter to Development shall be purchased in accordance with Article Fifth of the aforesaid exchange of notes without the payment of the above-mentioned premium, unless our respective governments shall have agreed in writing to a continuance of the premium thereafter. It is expressly understood and agreed that after making appropriate allowances for differences in grades and quality "the fixed price" as applied to weak fine smoked ball on the basis of delivered weights at San Fernando de Atabapo and other established stations in Federal Territorio Amazonas shall be 35 cents (U. S. Cy.) per pound (Kgs. 0.4536).

Second: In view of the fact that the aforesaid premium is being paid in order (a) to offset increased wages, living costs and other items affecting the cost of rubber production; and (b) to provide a stimulus to maximum production, it is understood and agreed that Development shall discontinue at the earliest practicable date all supplemental payments such as food and recruiting bonuses or other contributions heretofore made by it. However, Development shall continue to furnish, during the period of the premium payment herein provided for, facilities for transporting rubber on the Orinoco River to Sanariapo and Morganito. It is understood that the Venezuelan Government, during the period of the premium payment herein provided for, shall pay an incentive premium of 10 cents (U. S. Cy.) per pound (Kgs. 0.4536) for all rubber produced in Venezuela and in order to offset the high cost of production in Federal Territorio Amazonas shall pay an additional production premium of 19.61 cents (U. S. Cy.) per pound (Kgs. 0.4536) for rubber produced within the boundaries of said territory. It is further understood that the resultant total of price and premiums for smoked ball weak fine rubber produced in Federal Territorio Amazonas amounting to 76.28 cents (U. S. Cy.) per pound shall be distributed in accordance with the following schedule to be established by the Venezuelan Government.

Major Contractors	4.08 cents (U. S. Cy.) per pound (Kgs. 0.4536)
Sub-Contractors	13.62 cents (U. S. Cy.) per pound (Kgs. 0.4536)
Producers	58.58 cents (U. S. Cy.) per pound (Kgs. 0.4536)

The above schedule of distribution shall be applied in like proportion with respect to the corresponding differences in price for other types and qualities of rubber produced in said territory.

Third: The Government of the United States of Venezuela shall cooperate with Development in the following respects:

1. Restrict the use of tires, tubes, and other finished rubber products for essential purposes only, with the ultimate objective of reducing to the greatest extent practicable the quota of rubber allocated to the United States of Venezuela for domestic consumption.

2. Encourage the use in the United States of Venezuela of synthetic and reclaimed rubber to the greatest extent practicable.

3. Announce publicly the establishment of the new prices, including establishing the schedule of prices to be paid at interior points. In addition, such schedule of new prices shall be published in appropriate newspapers, and appropriate circulars (to be supplied by Development) shall be distributed in the rubber producing areas.

4. Establish or cause to be established "the fixed price", plus the net premium payable hereunder by Development, plus the bonuses payable by the Venezuelan Government to the contractors and tappers as the price for all purchases and sales of rubber for domestic consumption or use within the United States of Venezuela.

It is understood that this note, together with Your Excellency's reply in the same terms, shall constitute a binding agreement between the Government of the United States of America and the Government of the United States of Venezuela.

Please accept, Excellency, the renewed assurance of my highest consideration.

FRANK P. CORRIGAN

His Excellency

Dr. CARACCILO PARRA-PÉREZ,
Minister for Foreign Affairs,
Caracas.

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

UNITED STATES OF VENEZUELA
MINISTRY OF FOREIGN AFFAIRS
Office of the Director of
Economic Policy

No. 02622 E.

Economic Section

CARACAS, *September 27, 1944*

MR. AMBASSADOR:

I have the honor to record in this note that as a result of the conversations held between Your Excellency and the undersigned, it has been agreed upon between the Government of the United States of Venezuela and the Government of the United States of America that:

[For terms of agreement, see numbered paragraphs in U.S. note, above.]

It is understood that this note and Your Excellency's reply in the same terms shall constitute a binding agreement between the Government of the

United States of Venezuela and the Government of the United States of America.

Please accept, Excellency, the assurances of my highest consideration.

C. PARRA PÉREZ

His Excellency

FRANK P. CORRIGAN,

*Ambassador Extraordinary and Plenipotentiary
of the United States of America,
City.*